are already hearing General Petraeus has recommended to freeze the troop levels. In fact, there will be more troops after the freeze takes place than before the surge started. I assume President Bush will accept this request by General Petraeus. By the President's own measure, without our troops returning, there will be no success.

General Petraeus and Ambassador Crocker will be asked a number of other questions. We have seen what happened a week or 10 days ago in Basra: al-Sadr was attacked by the Iraqi armed services. Al-Maliki, the leader of Iraq, didn't notify the American troops or anyone else and simply took off after al-Sadr. That attack was basically a failure. The police didn't police. The Iraqi police didn't police. At least 1,000 Iraqi soldiers laid down their arms and quit. In fact, they didn't lay down their arms, they gave them over to al-Sadr's forces. Because of that, British artillery was asked to engage, and they did. U.S. troops were asked to come in, and they did. U.S. air support was asked to come in, and they did. We lost a number of soldiers and a significant number of soldiers were wounded.

As some of my colleagues will recall, when this attack by al-Maliki's forces took place, President Bush said: This is what it is all about. This shows the success of what I have been telling everyone.

Our troops in Iraq face a civil war that is growing more violent by the day—by the day. Any notion of renewed commitment to peace among Iraqi factions is betrayed by the news every day. Yesterday, five American soldiers were killed. In one attack, 2 were killed and 31 were wounded.

General Petraeus has to be asked the question: Why is this happening? The battle, as we see in the papers today, is intensifying between al-Sadr and al-Maliki. We have heard today's news that the Sunnis are becoming more violent. The Green Zone, which is supposed to be a safe haven, the safest part of Iraq, has seen a series of attacks over the last couple weeks. People have been killed in the Green Zone. Our soldiers are now being killed in the Green Zone.

The chorus for a smarter strategy in Iraq is growing among defense and military experts. COL John Gentile, a West Point history professor who has served two tours of duty in Iraq, has said directly about Petraeus's action in Iraq, as reported in headline news today in the Wall Street Journal, among other things:

> We've come up with this false narrative, this incorrect explanation of what is going on in Iraq. We've come to see counterinsurgency as the solution to every problem and we're losing the ability to wage any other kind of war.

General Petraeus must respond to the criticism of Lieutenant Colonel Gentile.

General Petraeus is responsible solely for the conditions in Iraq. He has responsibilities nowhere else. But others, including Secretary Gates, Admiral Mullen and Congress and the President must consider Iraq in the context of America's interests throughout the world. So General Petraeus must be asked: Has the war made us safer?

Based on every measure, the answer is a resounding no. Because of Iraq, our military's readiness for full-spectrum combat is stretched dangerously thin and becoming more so every day. Our troops are serving their second, third, fourth, fifth—and some are believed to be headed to Iraq for the sixth time. This is taking a tremendous toll on them and their families and the overall status of our military.

We are not ready for an unexpected crisis that could arise overnight someplace other than Iraq. Each additional tour results in substantially higher rates of post-traumatic stress disorder. On one tour, 12 percent of the soldiers are coming back with post-traumatic stress disorder; three of four tours, approaching 30 percent.

I, in my office last Friday, was leaving, and a young man and his wife were there with a baby. The young man married this very pretty lady, his wife, the mother of his child, when he was 15. She was 19. He joined the Army and went to Iraq. I said: How are you doing? He said: Not very well. These were his words: My cognitive abilities are gone. He is having trouble thinking. That is what post-traumatic stress disorder is all about.

The military is in such dire need of recruits. I can remember when I practiced law I did some criminal defense work. One of the things we would try with some of these young men who were in trouble was to see if we could get them in the military. The answer was no; they had criminal records. It is not the case anymore. If you haven't graduated from high school, the military will still take you. If you have committed a felony or a serious crime, the military will still take you. In fact, one out of every eight of our new recruits—that is 13 percent—have received a waiver for past criminal misconduct. Some of these are felons, these people who are going into the military after having committed a crime. But even with these people who have no high school diploma, those who have been involved in serious crimes, we are still struggling in meeting our recruitment goals.

As has been reported in all the print press and the electronic media today, we are losing our combat-hardened leaders, those with experience—sergeants, captains. There was a good report on the radio this morning about what are we going to do for colonels and generals 15 years from now, if all the captains are leaving.

We recognize General Petraeus's responsibility is Iraq, but in these hearings, these meetings with General Petraeus, he is going to have to understand we have taken our eye off the ball in other crucial areas of the world, including Afghanistan, Pakistan, North Korea, Iran, all through the Middle East. America's No. 1 enemy, bin Laden, remains free. Al-Qaida is going strong. Because of Iraq, courageous men and women of our National Guard don't have the manpower and equipment to do their job and protect us here at home. Because of Iraq, our moral authority is lost in the eyes of many. Our foreign allies are unwilling to stand by our side. General Petraeus is going to have to respond to some of these questions: When will our troops come home? Has the Iraq war made our country safer? These are the questions that matter. The American people deserve a fair assessment of both.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period for the transaction of morning business until 3 p.m., with Senators permitted to speak therein for up to 10 minutes each.

The Senator from Missouri is recognized.

HOUSING PROBLEMS

Mr. BOND. Mr. President, I thank the majority leader for his kind words about the housing bill that is before us. This is the measure on which we are working on a bipartisan basis to deal with what is one of the most serious economic problems we face today in America and across the world. There has been so much subprime mortgage paper put out from adjustable rate mortgages and teaser mortgages in the United States that it has gone into financial systems in many countries, and they are facing similar problems to the ones our financial system faces here.

I believe there are a lot of steps that are important that we take at the macro levels, things the Federal Reserve does and what the Treasury can do and what the government-regulated, government-sponsored entities can do. But it is also my firm belief that this problem is one that we are going to have to save community by community, neighborhood by neighborhood, and family by family. That is why I have an amendment filed today, Bond amendment No. 3436, to avoid these problems in the future.

I have listened to a lot of homeowners, and one of the real problems we have is right now there is not a clear and simple disclosure of payments and interest rates for adjustable rate loans with the so-called teaser rates. The teaser loans with interest rates and payments that jump up to unaffordable levels played a large part in the current subprime mortgage crisis. Many potential borrowers either did not understand what they were getting into or were falsely assured that everything would be OK. That is a part of bringing relief to families and neighborhoods suffering through the current housing finance crisis. I want to ensure we do not face another crisis in the future because we did not correct the problem.

For those of us who have taken out a mortgage loan to buy or refinance a home, we know what a pile of paperwork we face and all the legal jargon. I am a recovering attorney. I have had the experience of having that stack of papers—enough to choke a horse—put down in front of me, and the real estate agent, whoever is there, just says: Sign this, sign this, sign this, sign this, sign this. About 40 minutes later, you are dizzy from signing, and nothing in those papers clearly tells you what you are getting into. That is why we passed the original Truth in Lending Act and applied it to home mortgage loans. We knew then that most people did not take the time to read and understand the fine print in mortgage loan documents.

Regrettably, the consumer protections in the original Truth in Lending Act were written long ago and are outdated—woefully outdated. They were written when most bought a home with a 30-year fixed rate mortgage. Now—and this is a good thing—there are many more loan tools to help people share in the dream of home ownership. There are adjustable rate mortgages, adjustable rate mortgages with initial fixed terms, sometimes called teasers, prepayment penalties, refinance options, quicker and easier than ever before. But while more choices can be a good thing, uneducated consumers or consumers who do not have assistance in understanding that information may not understand that what they are doing is falling into a trap.

I want to see the disclosures laid out simply so that nobody is caught in a trap the way one of my constituents, Willie Clay of Kansas City, MO, and his family were caught. I shared Willie's story on the floor a month ago when we first introduced the SAFE Act, Security Against Foreclosure and Education Act, a relief bill, which forms the basis of the Dodd-Shelby bill before us.

Willie lives in a working-class Kansas City neighborhood of modest ranch homes called Ruskin Heights. He was a Vietnam war paratrooper, living largely on disability payments. He refinanced a mortgage in 2004 for a total of $101,000. As we can see, Willie is a man of modest means. He was not a speculator gambling on the housing market; he was not an investor buying a vacation home; he just wanted to live in a decent home. He was looking for extra money to pay off his medical bills, car loans, and some credit cards, and he agreed to a subprime adjustable rate loan with an initial fixed rate of 8.2 percent. For several years, everything went fine. He made the payments, honored his agreement. Then, last October, the initial fixed rate ended and the loan reset to a variable rate. Given the condition of the market at the time, his new interest rate became 11.2 percent and then was set to rise again in March to 12.2 percent, with more rises coming.

Willie told the Kansas City Star:

> If the rates go up again, I can't afford it.

Willie and his wife Ina would have to give up their home and move into an apartment. Willie now admits that he never fully understood how an adjustable rate worked when he agreed to the new loan. I will tell you, Mr. Clay, don't feel alone. There are a lot of people who do not understand the terms of their mortgage, and it is far too confusing under the system we have now.

He said:

> I don't have the education to understand it. And they didn't explain it to me. I thought if the interest [rate] went down, your payment went down. If the interest rate went up, your payment stayed the same.

Willie was now facing a mortgage payment 50 percent higher than when he started. He was trapped in his loan because there was a $2,500 prepayment penalty, which prevented him from getting out. This is not just Willie Clay's family crisis. The entire neighborhood is suffering through this housing crisis. There are more than 500 foreclosures in his ZIP Code alone. On Willie's block, there are already several empty houses.

Foreclosed homes are dragging property values down for everyone. It is becoming a self-perpetuating downward spiral. That is why I felt so strongly about how we need to help these suffering families and neighborhoods. That is why we introduced the original Security Against Foreclosure and Education Act.

The ''e,'' for education, focused on language meant to prevent this problem in the future, and that is the subject of the amendment that will be before us when we return to the bill.

My amendment, representing the disclosure requirements from the SAFE Act that were not transferred to the Dodd-Shelby substitute, updates the Truth in Lending Act to modern times.

The Bond amendment will apply to adjustable rate mortgages with an original fixed or teaser rate. This is the kind of loan Willie Clay had and millions of Americans across the country hold. For these types of adjustable rate loans with teasers, lenders or brokers will be required to provide in large, prominent type the loan's fixed interest rate, the initial fixed payment, and the date on which the fixed rate will expire. The lender or broker will also need to provide an estimate of what the payment will be when the loan resets from its initial teaser rate to a floating adjustable rate. For many subprime borrowers lured with a low teaser rate, this jump can be quite large, and borrowers should be aware of it. If they are not aware of it, then they should not be permitted to do the loan.

What we are saying is, put the critical dollars-and-cents items in large type on the first one or two pages. Don't bury this in a whole bunch of legal mumbo-jumbo that we lawyers—my colleagues who are still lawyers—love to write to make sure we cover every possible contingency.

The Bond amendment also requires lenders to disclose that there is no guarantee the loan can be refinanced before the initial fixed rate expires. Too many of the people in this trap now have said and told me and others that they were told there was no problem to refinance. Yes, there is a problem, and a lot of borrowers were caught when they found out they could not refinance. They did not know how high their rates could go after the teaser rate expired. Any concern they had that they could not afford their loan in the future was put to rest by the broker with a reassurance that there was no problem refinancing the loan before the teaser rate expired. For many, this turned out to be true, but when the credit market seized up and loan standards were raised, the rest were caught in this squeeze.

The amendment I will ask this body to adopt requires a disclosure that there is no guarantee the borrower will be able to refinance the loan when the teaser rate expires.

The Bond amendment also requires disclosure of any prepayment penalty, the amount, and its expiration date. Prepayment penalties is what caught Willie Clay and his family. While prepayment penalties can be good, giving certainty to the lender, who can in turn provide a lower interest rate, people need to be aware of what they are getting into and how it will be costly to get out.

That is the theme of this entire amendment. It does not block adjustable rate mortgages. It does not block initial fixed rates. It allows prepayment penalties, an opportunity to refinance quickly.

The advantages in the mortgage business have been good for consumers, allowing a new generation of home buyers to share the American dream. It just requires plain disclosure of loan terms so that people will know what they are getting into.

Some may ask why we need to be prescriptive in telling brokers what to say and regulators what to require. That is because in this situation, current protections and oversight have failed. Brokers and lenders did not do enough to disclose to and educate consumers. Regulators also failed here, and they continue to fail. Neither HUD nor the Fed required disclosure of these terms in the past, neither sought to increase disclosures when the subprime crisis started, and neither's most recent proposal takes this on.

The American consumer cannot wait while the bureaucracy, slow to move before, further delays and equivocates on what must be done now. What must be done is simple, straightforward disclosure of the most basic loan terms—rate, payment, new rate, new payment, penalties, and guarantees.

These are basic consumer protections which I expect will help prevent a future home loan crisis and trapping of a large number of American families who are caught in this situation now. I urge my colleagues to adopt them and to support the Bond amendment when it is brought up.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

HOUSING CRISIS

Mr. DORGAN. Mr. President, I know the subject is housing. We will have a fair amount of discussion about the legislation on the floor of the Senate today, tomorrow, and later this week when we begin voting on it. I wish to start by talking about what got us into this mess because it seems to me, if what we are doing at the moment is trying to evaluate what we do with the difficulties that exist and the difficulties that confront us and do not deal with the underlying cause, we will have missed something very important.

The other day, I came to the floor and talked about what was happening in the mortgage industry. What was happening, of course, was an unbelievable amount of greed, unbelievable speculation, and the result is this occurrence of subprime loans proliferated across the country, and then it collapsed. We have investment banks that are about to go broke. We have the Federal Reserve Board coming in with a safety net, saying: We will have the taxpayers bail out the investment banks. All of this going on while the Federal Reserve Board, which did its best imitation of a potted plant on these issues, began reducing interest rates and then antes up $30 billion so the American taxpayers could inherit the risk so JPMorgan could buy Bear Stearns. All of this has occurred in recent months.

What started it? A lot of things started it. Let me give some examples.

This is from an advertisement on radio and television. It is from Zoom Credit. I don't know Zoom Credit company. But here is what they said when they advertised their services to unsuspecting buyers. They said:

> Credit approval is just seconds away. Get on the fast track at Zoom Credit. At the speed of light, Zoom Credit will preapprove you. Even if your credit's in the tanks. Zoom Credit's like money in the bank. Zoom Credit specializes in credit repair and debt consolidation. Bankruptcy, slow credit, no credit—who cares?

That is what they were advertising: Let us give you a loan. You have been bankrupt, you can't make your payments, come to Zoom Credit. Does it sound like a business model that makes sense to anybody? Not to me.

Millennia Mortgage. I don't know this company. Here is what they were advertising:

> Twelve months, no mortgage payment. That's right. We will give you the money to make your first 12 payments if you call in the next 7 days. We pay it for you. Our loan program may reduce your current monthly payment by as much as 50 percent and allow you no payments for the first 12 months.

They say: Come and get your home loan from us. You won't have to make a payment for 12 months. We will make it for you. What it doesn't say is it goes on the back of the loan and increases the price of that house.

Countrywide was the biggest mortgage company in America, and now it has been acquired by Bank of America. Here is what Countrywide said:

> Do you have less than perfect credit? Do you have late mortgage payments? Have you been denied by other lenders? Call us. . . .

Are you a bad credit risk? Call us, we are going to lend you some money. That is unbelievable to me.

So you ask, how did we get into this mess? Let me continue.

Lowest fixed rate loan in America, they are advertising on this one. One-quarter of 1 percent; that is a twenty-five-hundredths of 1 percent interest rate. A $200,000 home loan, a monthly payment of $41.66. You want to borrow half a million dollars; pay $146.16 a month?

Is that a business plan from a mortgage company? It doesn't look to me like it is. This, by the way, came off the Internet today. The reason I am mentioning it is, nothing has changed. They are still doing it.

This says First Premier Mortgage. One hundred percent loans you get, conforming loans. We will offer conforming loans. Perfect credit, by the way, isn't required. So on the Internet you can go to First Premier Mortgage. Perfect credit isn't required. If you have less than perfect credit, we have loans that will allow you to qualify for a competitive interest rate. You can consolidate everything.

So don't worry, perfect credit is not required to borrow from this company.

This is Florida Mortgage Corporation. This is Monday, April 7, 2008. That is today. Go to the Internet today. Here is what they tell you. Each month you will receive a loan statement. We have a 30-year fixed mortgage that is available to you—30-year fixed mortgage. By the way, no income verification.

What does that mean? It says: Come to us, borrow some money, we will give you a 30-year fixed mortgage. You can pay up to 2.75 percent interest rate and, by the way, no income verification. We will not have to verify your income to give you a big old fat home mortgage. Isn't that unbelievable? Not credit score driven.

This is on the Internet today. Nothing is changing. This one is on the Internet today as well: OptionArmConsultants.com. They make this sound like this is a terrific loan. You can lower your mortgage payment by 50 percent or more per month. You can control up to two or three times as much real estate as other fixed mortgages. It is saying: Hey, come over here, get a mortgage from us, that way you can speculate, own more real estate.

None of these have indicated to the borrower what the terms really are. These are all seductive approaches that say: Come and get a mortgage from us. You don't need good credit. You can have bad credit. You can be bankrupt. Come and borrow money from us.

What they do not say is they are going to throw all those extra charges on the back of the mortgage. They do not tell them when it resets later they will not be able to pay the mortgage payment.

So that is what has happened. I have heard the largest reset of mortgages is going to occur in the fourth quarter of this year. But what has happened is, millions of families took out these mortgages. Were they wrong? Yes, they were wrong. But was the advertising for this deceptive? I believe it was. So millions of families took out a mortgage without understanding the consequences.

They said: Come and get a mortgage from us. Twenty-five-hundredths of 1 percent interest rate, we will pay the payments for the first 12 months—not describing to them, of course, what the reset is going to be on interest rates 3 years from now or 2 years from now.

So what happens? Well, what happens is they stick these mortgages in what they call subprimes. And, by the way, one-half of the folks who were put into a subprime would have qualified for a regular mortgage. Why did they get put into subprime? Because it was much more profitable for the big investment banks and mortgage banks. So they stack all these subprime loans together with other loans, sort of like they used to make sausage. It is like packing sawdust and sausage, like they used to in the old days. They would put sawdust in sausage, slice it and dice it and ship it out. So they sell these loans to hedge funds and investment banks and everybody is fat and happy like hogs in a corn crib. Everybody is making lots of money, especially the big shots, until all of a sudden they understand that in these little pieces of sausage they bought, they didn't understand what was there. There were subprime mortgages there that could never, ever be repaid, and the whole thing started collapsing.

It collapsed to the point of Bear Stearns losing tens of billions of dollars of value in 2 weeks. But not to worry. This is a no-fault economy, at least no-fault capitalism for the folks at the top. So the Fed comes in and says: JPMorgan, you buy Bear Stearns, and we will put up $30 million at risk for the American taxpayer.

I want to ask this question of the Federal Reserve Board and the Treasury Secretary. If these companies are